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VOLUME LXIII, NUMBER 19386 WEDNESDAY, SEPTEMBER 25, 1996 • TISHREI 12, 5757 • 13 JAMAD 1, 1417

In today's Business Supplement

- ★ Interview with **David Brodet**
- ★ Will short-term savings be taxed?
- ★ Financing **Lebanon's reconstruction**

Money

INSIDE EIGHT PAGES FROM SUNDAY'S

The New York Times

WEEKLY REVIEW

Tunnel opening sparks Arab protests

BILL HUTMAN and news agencies

THE opening of a new exit to the historic Western Wall tunnel in Jerusalem on Monday night sparked a fierce Palestinian reaction yesterday.

Palestinian youths threw stones onto the Western Wall Plaza from atop the Temple Mount to protest the opening, forcing the temporary evacuation of Jewish worshippers and visitors.

Jerusalem police chief Arye Amit said Wafk guards quickly brought the disturbances on the Temple Mount under control. Protests also broke out elsewhere in the eastern Jerusalem, with about a dozen Palestinian youths detained for stone- and bottle-throwing. No injuries were reported.

Police are expected to remain on alert in the coming days in expectation of continued unrest.

Jerusalem Mayor Ehud Olmert revealed that Prime Minister Benjamin Netanyahu had personally given the go-ahead for the opening of the exit at the northern end of the tunnel, onto the Via Dolorosa.

Netanyahu, speaking to reporters as he flew to London, stood by his decision, saying the tunnel marked an important historic site for Jews.

"To the best of my knowledge, the previous government had also approved the opening of the tunnel," he said.

"Without exaggerating, we are touching a rock of our existence," Netanyahu said. "Jerusalem is important."

A deal was worked out with the Palestinian Authority by the Labor government last January, whereby Moslems could pray at Solomon's Stables and Israel would be able to



Palestinians gather in front of the Dome of the Rock yesterday upon hearing that an exit from the Western Wall tunnel onto the Via Dolorosa was opened.

after midnight Monday night by the East Jerusalem Development Corporation. Much of the tunnel has been open for several years, and the extension to Via Dolorosa was completed earlier this year.

But because of Palestinian opposition, hundreds of policemen were brought into the Old City, as a handful of workmen cut a hole through a stone staircase leading to the El-Omarriya School, under which a passage had already been cleared to the tunnel.

"The government came to the decision that there was no longer any reason to delay," Olmert said.

He sharply denied Palestinian charges the move was political, saying the exit was needed to improve access for tourists.

Tourism Ministry spokeswoman Orly Doron said that "until now ... visitors were forced to enter and exit the tunnel through the same narrow route ... The new exit ... will permit a steady flow of visitors through the excavations."

Amnon Lorch, East Jerusalem Development Corporation board chairman, said the exit will allow the number of annual visitors to reach 400,000.

"What we have here is one of the most beautiful sites in Jerusalem," Lorch said, as he showed journalists the way through the tunnel. "The Wafk is unfairly trying to make a political issue out of this."

Jerusalem Moslem leaders, however, blasted the government, saying the tunnel damaged Moslem property, including al-Aksa Mosque. The leaders held an emergency meeting yesterday morning.

In a statement released afterwards, they called on the PA to protest to the government, and

(Continued on Page 2)

open the tunnel, according to an official in the Prime Minister's Office.

According to this official, Israel kept its end of the bargain, but never implemented the part relating to opening the tunnel. PA officials were unavailable for comment.

Netanyahu's attorney Yitzhak

Molcho apparently reminded the PA's Mahmoud Abbas of the deal in their conversation last night.

Nonetheless, PA Chairman Yasser Arafat said that the opening "is a big crime against our religion and our holy places. It goes against the peace process, against all that has been agreed upon."

The Arab League warned that

Israel had enraged Moslems worldwide and risked triggering widespread unrest.

"The Secretariat of the Arab League warns of the consequences of such action and ensuing feelings of anger and increased levels of tension and angry popular confrontation," the league said in a statement.

"The Arab League will turn to the United Nations, the cosponsors of the peace process, and to the European Union to immediately and seriously try to persuade Israel to stop this work, which undoubtedly will stir the feelings of Moslems all over the world."

Little work was required in the secret operation carried out just

Levy urges Egypt to end war of words

DAVID MAKOVSKY and news agencies

FOREIGN Minister David Levy yesterday called on Egyptian President Hosni Mubarak to halt his country's rhetorical salvos against the Netanyahu government.

After summoning Ambassador Mohammed Bassiouny to complain about a series of negative comments by Egyptian officials against the Netanyahu government, Levy called on Mubarak "to break up this threatening cloud."

Regarding Egypt's future role in the peace process, Levy said, "If Egypt continues to express itself this way, it is effectively not interested."

Foreign Ministry officials said that Levy complained to Bassiouny that the attacks were undeserved, since Israel has made it a point to attempt to update Egypt on the Palestinian issue.

Bassiouny said he told Levy that Egypt favors "a policy of peace," but Israel must also "fulfill its commitments, so that the Palestinian people will feel tangible steps on the ground, politically and economically."

While admitting the economic

summit in Cairo will be held in November as scheduled, Bassiouny defended Mubarak's original threat to cancel it if there is no progress on the Palestinian issue. He said there is a link between economics and politics and questioned what investor would put money in the Middle East if there was a perception of instability.

The toosio between the two countries increased yesterday after an interview with Egyptian Foreign Minister Amr Moussa told the London-based *Asharq al-Awsat* that Egypt thinks Israel's expectations from Middle East peace talks are "nonsense."

Moussa said the new Israeli government wants to impose what he called an Israeli peace, rather than a balanced peace, in which it compromises with its Arab neighbors.

"Israel wants security without there being a Palestinian state or even effective autonomy, without

complete withdrawal from the Golan or complete withdrawal from Lebanon. And then it wants peace? Obviously nonsense," he said. "Anyone who believes in such a possibility is either ignorant or mad."

But he denied that Netanyahu fit this description. "So he must reconsider this policy of his so that he doesn't move everything to a very grave situation."

He said that since taking office, Netanyahu has only worsened the situation, but he still has a chance to change.

"He knows these dangers, but the greatest danger would be if he became dogmatic and ideological. If it turns out that the belief in expansion and a Greater Israel still survives, that means we are back at square one, and I honestly hope that this impression is not correct," he added.

Moussa said he has no magic recipe for persuading Netanyahu to

make progress toward peace, but the first step should be that the Arabs stand together and reject Netanyahu's approach.

"If that happens, the situation will definitely change," he said.

Aggravating the Egyptian-Israeli tensions has been Netanyahu's use of American idioms. When he sought to suggest that if Egypt linked holding the economic summit to progress on peace, it would only be undermining its own cause, he likened such a move to a "man who cuts off his nose to spite his face."

However, it appeared that Moussa interpreted this literally. He warned Netanyahu "to keep off his nose, so that Egypt keeps off his nose."

"It could be the Arab world requires use of terms which are less problematic," Tourism Minister Moshe Katsav said.

Netanyahu told reporters on the plane to London he hoped Egypt

would act in the spirit of its 1979 peace treaty with Israel.

"I expect Egypt to act in the spirit of the peace agreements ... actions and friendship that characterize a country that signed a peace agreement with us," he said.

"There is no place for the verbal escalation that has come from Egypt lately. I hope they will find a different way to express their opinion."

In an interview on Channel 1 last night, Mubarak's national security adviser Osama Baz indicated that Egyptian officials in the future will refrain from leveling what he called "character assassinations."

He said hurling such epithets was counter to Egypt's policy and, in general, is useless. He said he prefers maintaining substantive disagreements with Israel without having them degenerate into personal invective.

At the same time, Baz called on Netanyahu to prove to the Palestinians that he is genuine about moving forward with the peace process.

King Hassan: Peace process in crisis

PARIS (AP) - THE peace process is "in a state of crisis," but Israel does not seem to understand that the process is irreversible, King Hassan II of Morocco said in interviews published yesterday.

"If things continue as they are," Hassan told a group of French regional newspapers, "I fear ... we will find ourselves, not in front of the irreparable ... but facing things which are extremely prejudicial for a dream which was starting to become a reality."

The king has played a behind-the-scenes role in the peace process, holding meetings in the past with both Israeli and Palestinian dignitaries.

He said the three Arab "ooes" of 30 years ago - no recognition, no negotiations, no peace - that have been overcome have been replaced by three Israeli "ooes" - no land for peace, no Palestinian state, no discussion of the status of Jerusalem.

"It is irreversible," Hassan said of the peace process, "and that is what I want the Israeli government to understand, that it is irreversible."

The government of Prime Minister Benjamin Netanyahu "does not seem to have understood."

Hassan put forth the possibility that a major conference on security and growth in the Mediterranean basin, scheduled to take place in Morocco next year, may be canceled because of events in the Middle East.

The meeting was decided at a Barcelona conference last year that brought together European nations and others who make up the Mediterranean basin.

Netanyahu in London, calls for renewed talks with Syria

DOUGLAS DAVIS LONDON

PRIME Minister Benjamin Netanyahu last night called on Syria to renew peace talks on the basis of UN Security Council resolutions 242 and 338.

He said Israel is making concerted efforts to de-escalate tensions and is ready to resume talks at Wye Plantation in Maryland and "begin to negotiate. That is far more valuable than any hairsplitting we could do here."

"We will find ways to reduce tensions and build trust in relations between Israel and Syria," he said.

Netanyahu was speaking outside the Downing Street residence of British Prime Minister John Major on the first leg of a three-nation European visit that will also take him to France and Germany.

He regretted the rhetorical hostility from Cairo in recent days, and said he regards the relationship with Egypt as "the cornerstone of peace efforts in the Middle East."

Despite the harsh words, however, he said he believes the relationship would prevail: "Peace is in the interests of everyone and I believe we will be able to continue working together."

He stressed Israel's commitment to peace, noting, "we believe the basis for proceeding is good faith and reciprocity."

"Security is vitally important to Israel, and is also a Palestinian interest," Netanyahu continued. "Fighting terror is as important for the Palestinians as for Israel. Peace and terror are not compatible."

He said he had asked Palestinian Authority Chairman Yasser Arafat to fulfill his obligations under the Oslo accords and fight terrorism.

This should "not be episodic but constant," he added. "The battle against terrorism is the foundation for the successful continuation of the peace process."

Major welcomed Netanyahu for their first face-to-face meeting since the election and said they had spoken frankly and as friends.

"The bilateral relationship between Israel and the United Kingdom is in as good a shape today as I can ever remember it being," Major told reporters after more than an hour of talks.

(Continued on Page 2)

Two Amal gunmen killed in clash with IDF

DAVID RUDGE

TWO gunmen from the Amal Shi'ite movement were killed in a clash with IDF paratroopers, and four South Lebanese Army soldiers were wounded in a separate Hizballah attack in the security zone yesterday.

The incidents, in which Lebanon charged that a home north of the zone was damaged by IDF and SLA artillery fire, added to the tense atmosphere in the region.

The clash between Amal gunmen and the paratroopers occurred late on Monday night in the Suwadeh region, not far from the northeastern perimeter of the security zone.

The IDF Spokesman said troops on patrol in the area encountered a squad of gunmen and opened fire, killing two of them. There were no casualties among the IDF soldiers.

This brought to 61 the number of gunmen known to have been killed in south Lebanon since the beginning of the year. During the same period, 21 IDF soldiers have been killed in combat in south Lebanon.

The paratroopers involved in the clash were members of a unit which were disciplined after leaving its position on the northern

Israel, Syria, Lebanon have first direct talks at Nakoura over Grapes of Wrath understandings

DAVID RUDGE

ISRAEL'S delegates to the five-nation committee supervising the Operation Grapes of Wrath understandings held direct talks at UNIFIL's Nakoura headquarters with their Syrian and Lebanese counterparts yesterday, for the first time since the establishment of the monitoring forum.

Brig-Gen. David Tsur, head of the Israeli delegation, said there were "handshakes and direct talks between our delegation and those of the Syria and Lebanon during the course of the discussions. This was the first time that this has happened."

The committee, composed of representatives from the US, France, Israel, Syria and Lebanon, originally met on Sunday to discuss complaints from both Israel and Lebanon over breaches of the understandings during the course of fighting in south Lebanon last Thursday.

Lebanon complained about the wounding of a female resident of Jaba'a village during the course of artillery exchanges, in which a number of homes were also reportedly damaged.

The understandings, which ended Operation Grapes of Wrath in April, ban attacks on civilians in Israel, the security zone and villages north of the zone.

Israel complained that Hizballah breached the understandings first by firing mortars

Tsur, head of the IDF's Foreign Forces Liaison Unit, said the talks, which lasted about eight hours, were practical and held in a good working atmosphere.

"The committee convened because of mutual complaints by Israel and Lebanon. Lebanon claimed that Israel fired into built-up areas, as a result of which a Lebanese woman in Jaba'a was wounded," he told reporters after returning from the talks. "We claimed that Hizballah fired from built-up areas and that our firing was basically self-defense."

Tsur said the discussions would resume today.

"The committee will also discuss another Lebanese complaint about the expulsion of families from the security zone," he said.



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Prisoner transferred to clinic on 6th day of hunger strike

YEHOYADA Kahalani, serving a 12-year sentence for plotting to kill Palestinians, was taken to Ashmoret prison clinic over Yom Kippur, following a six-day hunger strike.

His father Sa'adia said he began the hunger strike after he was transferred from Hasharon prison, where he was able to study, to Ashmoret, where there are no study facilities available to him.

Kahalani was transferred to Ashmoret as part of the Prison Service's plan to remove all Arab security prisoners from the facility following a possible escape attempt by several of the remaining juvenile security prisoners there over Rosh Hashana. Since all adult Palestinian prisoners also have been transferred from Ashmoret, cells in the prison must

RABBI he occupied by other inmates, Prisons Service spokesman Moshe Malul said.

At Hasharon prison, Kahalani had studied for his bagrut. Malul said that he would be able to continue at Ashmoret and denied that this privilege was being taken away from him.

However, Kahalani protested at what his family labeled as the deterioration in his conditions and began a hunger strike. He was taken to the prison's clinic, where a doctor gave him an infusion after his blood pressure dropped. According to Malul, Kahalani is being kept under strict medical supervision to ensure he does not endanger his own life.

"As in all cases of hunger strikers," Malul said, "the Prisons

Service is responsible for prisoners' well-being."

But his father, who still insists his son is innocent of all charges, said that since being transferred to Ashmoret a week ago, his conditions have severely deteriorated.

Meanwhile Prisons Service authorities conducted a massive search in prisoners' cells for drugs smuggled back by inmates after they returned from furloughs. A total of one kilogram of drugs, mostly substances suspected to be heroin, was found on 30 inmates, who will be charged with drug possession.

Some 68 prison warders took part in the search, conducted on hundreds of prisoners returning from furloughs to Ayalon, Nitzan, Daman, Shate, Oheli Kedar, Eshel, Carmel and Tsamron prisons.

Supreme Court upholds rabbi's incitement conviction

Elba guilty of publishing halachic tract against non-Jews

EVELYN GORDON

IN a precedent-setting 5-2 decision, the Supreme Court yesterday upheld Rabbi Ido Elba's conviction on charges of incitement to racism for publishing a halachic tract.

This is the first time the court has discussed the parameters of this crime.

Elba, who teaches in a kollel in Hebron, wrote the article - titled "An investigation into the laws of killing a non-Jew" - and distributed it to his students in 1994, two months after Baruch Goldstein murdered 29 Arabs in the Machpela Cave. In April 1995, he was convicted of incitement to racism - as well as attempting to manufacture and obtain illegal weapons, obstructing justice and trying to enter a closed military area - and sentenced to two years in prison. He was released earlier this year after getting one-third off his sentence for good behavior.

Justices Aharon Barak, Gavriel Bach, Eliezer Goldberg, Eliahu Mazza, Dalia Dornier, Zvi Tal and Ya'acov Terkel unanimously upheld the conviction on all counts except incitement to racism. The incitement conviction was upheld 5-2, with Tal and Terkel dissenting.

Elba's article argued that killing a non-Jew is not prohibited by the Torah, and that, while there are various rabbinic prohibitions on killing non-Jews, there is no punishment for violating these prohibitions. In a state of war,

even the rabbinic prohibitions are suspended, the piece continued, and every individual must do his part to save his people, after consulting with Torah scholars to be sure that what he does will help and not hurt. The subtitle of the piece stated that it was "not a halachic ruling, but rather a presentation of the issues to scholars, for the purpose of study only."

The majority justices all agreed that the article constituted incitement to racism, despite the disclaimer in the subtitle.

"After reading the article from start to finish, I am persuaded... that the appellant's motive was to convey a current political message of a racist character to his readers, and to encourage them to acts of violence against non-Jews," said Mazza, who wrote the main opinion. "I believe that a reading of the article, as it is, leaves no doubt as to its purpose... The appellant, under the guise of writing a halachic tract, published this article in order to incite to racism."

Since Elba refused to testify at his trial, Mazza added, the justices have no evidence with which to counterbalance their impressions of the article - especially as it was published so soon after the Goldstein massacre.

However, the majority justices disagreed with each other on several issues of principle.

All the justices except Mazza, for instance, said the law forbidding incitement to racism infringes on freedom of expression, and therefore required a more stringent standard for conviction - though they disagreed as to whether the correct standard was "a near certainty" that the publication would lead to actual violence. They also disagreed as to whether the text itself must be inflammatory, or whether a seemingly neutral text could be seen as incitement under certain circumstances. Barak and Goldberg, as well as Tal and Terkel, took the former position, while Mazza, Bach and Dornier supported the latter. Finally, they disagreed as to whether the author must actually intend to incite, or whether it is enough that he knows his words could incite.

Tal and Terkel, however, both found that the article did not constitute incitement to racism. The point of the article, Tal said, is the simple fact that there is a difference in the halachic approach to killing Jews and non-Jews - a difference which is based not on "race" but on non-Jews' lack of obligation to observe the Torah. "Difference" does not automatically constitute racism, he stressed. Furthermore, he said, the article's bottom line is that killing non-Jews is also forbidden - though for different reasons - since under Jewish law, rabbinical prohibitions must also be observed.

ACRI tries to get pre-state newspaper laws rescinded

EVELYN GORDON

TWO Mandatory laws governing the operation of newspapers should be declared unconstitutional, the Association for Civil Rights in Israel (ACRI) demanded in a petition to the High Court of Justice yesterday.

The petition argued that the two laws violate the Basic Law: Freedom of Occupation, which was passed in 1992. Until recently, a grandfather clause in the Basic Law guaranteed that all pre-existing laws would retain their validity even if they contradicted the Basic Law. However, the grandfather clause expired earlier this year, and though the government plans to renew it, the legislation has not yet passed the Knesset. This creates a window of opportunity in which the court could overturn the laws.

The two laws - the 1933 Press Ordinance and a section of the 1945 Emergency Defense Regulations - state that no newspaper can be published without a license from the Interior Ministry, and enable the authorized ministry official to grant or revoke licenses

"as he sees fit, without giving any reason for his decision." They also permit the minister to shut down a paper indefinitely, with no prior warning, if it publishes something which, in his opinion, might endanger the peace.

Attorney Anat Scolnicov argued that these laws, in addition to violating freedom of occupation, also violate freedom of expression and basic democratic norms. No other democracy has similar laws, the petition said; other countries either do not require newspapers to be licensed at all or have very minimal licensing requirements.

Furthermore, Scolnicov ooted, these laws are still used. In 1991, the ministry canceled the license of an east Jerusalem newspaper, *Ma-al-Nas*, and in 1994, it revoked the license of an Arabic newspaper in Haifa, *al-Sana'ia*.

A newspaper is not like a doctor or a lawyer, where licensing is necessary to protect the client, Scolnicov added. Instead, she said, putting barriers in the way of

new newspapers hurts the public interest, because it limits the marketplace of ideas.

Dental Association blasts Leumit's dental plan 'gimmick'

JUDY SIEGEL

THE Israel Dental Association yesterday publicized a letter of protest it had sent to Health Minister Tzahi Hanegbi over the Leumit health fund's "gimmick" of offering free dental care for a year to new members.

IDA chairman Dr. Yitzhak Chen said there was something degrading in such an offer. "Today they use dentistry as a come on; ooz, perhaps they will offer free wrinkle-removal surgery or abortions instead."

He charged that people who joined Leumit on the basis of the scheme would have to commit themselves to a three-year dental insurance plan run by the Phoenix insurance company. "They would have to pay for two years out of the three and be unable to switch to another health fund during that period, even if they were dissatis-

fied with its medical care."

Chen noted that the national health insurance law paved the way for competition in which "anything is regarded as kosher."

Dental care is not part of the basket of health services to which all residents are entitled. Dental services offered by the public health funds are no longer subsidized, but offered on a profit-making basis like any other commercial clinic.

Chen said that it is unfair that private dentists are forbidden by law to advertise, while the Health Ministry has not prevented commercial dental clinics from doing so.

Hanegbi received Chen's letter three weeks ago, but has not yet responded; no comment was available yesterday from Health Ministry spokesman Efiel Lahav.



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NEWS IN BRIEF

Special Meshulam food 'hot news'
The Ministry of Health is reviewing complaints from other prisoners regarding the special food allowed to have special food items already some time ago.

Schedule to mark Rabin assassination
The Ministry of Education will mark the first anniversary of the assassination of Prime Minister Yitzhak Rabin with a special ceremony on October 24.

Wink of Israel steps down
The Minister of Education, Yitzhak Peleg, has stepped down from his post.

English tourists complete visit
The first group of English tourists and their families who participated in a series of visits to the West Bank, completed their visit.

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Aging World, New Wrinkles

By NICHOLAS D. KRISTOF

A CHARACTER in the comic strip *Doonesbury* once declared: "This generation is like a great comet, blazing through the firmament, carrying with it a dream as boundless as the universe itself."

"Whew," another figure responds. "How will we know when it's over?"

"Esquire will run a piece on the hot new funeral homes."

Keep an eye out for that *Esquire* issue soon. Worldwide, the great comet of boomers is beginning to cross the 50-year milestone, as President Clinton did last month, and the result will be to create a global society that is by far the oldest in the history of the world. This aging process will be one of the dominant trends over the coming decades in the industrialized world — and, for different reasons, in the third world as well — reshaping societies across the globe.

Old vs. Young

Scholars point tentatively to several trends:

¶ Growing political clashes between the generations. The future political battlegrounds may have less to do with the tug between left and right, and more with a new buzzword, "inter-generational conflict."

¶ Increasing immigration. One way of avoiding labor shortages as baby boomers retire would be to admit more foreign workers, especially young ones.

¶ Changing attitudes toward infirmity and death. As they progressed through the life cycle, boomers made society less squeamish about sex and menopause. With the same élan, they may now bring more openness to discussions of incontinence, loneliness and suicide, making euthanasia as furious a political and moral debate as abortion is now.

Although this is more debatable, some experts also worry that aging will mean less creative and entrepreneurial societies. Would Bill Gates have founded Microsoft if he had been a septuagenarian? Would he even have used Windows? More broadly, will society be as receptive to new ideas when it is disproportionately old of hearing?

"We're afraid that as we get an older society, we will lose our innovative capacity, our adaptability to a changing world," said Makoto Atoh, director-general of the Japanese Government's Institute of Population Problems.

Japan Frets

Still, there are plenty of people throughout history, from Socrates on, whose creativity and brilliance ripened with age. If Benjamin Franklin or Thomas Edison or Madame Curie had not proved the point, then Virginia Hamilton Adair, a spirited Californian blinded by glaucoma, underscored it earlier this year when she published her first book of poetry at the age of 83, to wide critical acclaim. In addition, the needs of an older society could trigger a new wave of entrepreneurs and inventors.

Whatever the verdict on creativity,

though, Japan is particularly concerned because it may be the world's fastest-aging country. Like most nations, Japan had a baby boom after World War II, for the upheaval of war delayed child-bearing across most of the globe, and the postwar years also saw worldwide strides in health care that meant more babies could survive to swell the ranks of the boomers. Japan is also special because it now enjoys (and frets about the consequences of) one of the longest life expectancies in the world — 76 for men and 83 for women. By 2025 it is expected to be one of the oldest societies on the globe, with more than one-quarter of its population over 65.

The United States will not be that gray, but a virtual demographic revolution appears under way. In 1790, half the American people were under 16. It took two centuries, until 1990, for the median age to rise to 33. But by the middle of the next century, it will be over 40 and could approach 50.

It makes sense that the heroes and heroines in an older society are not the likes of youthful rock stars or 20-something movie actors, and indeed Japan may be a step ahead of other countries by hailing geriatric celebrities, like a pair of 104-year-old twins, Gin-san and Kin-san, two women all smiles and wrinkles, each everyone's idea of a great great-great grand-

In store for a graying globe: scarce labor, more women alone, suicide, dementia.

mother. When someone asked them what they were doing with the mooney from all their public appearances, Gin-san smiled and explained, "We're saving it for our old age."

Gin-san and Kin-san offer a typical face of old age in part because they are women. In 1850, a newborn white baby girl in America could expect to live to 40, two years longer than a white baby boy. That gap has steadily grown, and today a white newborn girl can expect to live past 79, more than six years longer than a boy. The fastest-growing sector in the industrialized world is the "oldest old," meaning those over 80, and there are more than twice as many women in this group as men. The result is that the industrial countries will have a growing number of white-haired widows living for years on their own.

Moreover, while Gin-san and Kin-san are doing just fine financially, many who today are showing their first few gray hairs will not. By some estimates, American baby boomers on average are setting aside only a bit more than one-third what they need for retirement. In almost all industrial countries, social-security schemes are unsustainable: they are mostly "pay as you go" programs of the kind founded by the German statesman Otto von Bismarck a century ago. These plans do not involve real savings, and instead they borrow from

Continued on page 4



Even idols are older: Japan's 104-year-old twins, Gin-san and Kin-san.

Minds Made Up Dole Has to Make The Decided Think Twice

By RICHARD L. BERKE

P OINTING to a map of the United States on the wall of his office here, Scott Reed, Bob Dole's campaign manager, noted last week what he said were Bill Clinton's weak spots and summed up how his boss would capture the White House. "Clinton is soft," he said gamely, "and when he starts to fall, he's going to fall like a deck of cards."

But at about that very moment, it was Mr. Dole who was falling. Literally. In one of the most harrowing moments of the Presidential campaign, Mr. Dole tumbled several feet off a stage in Chico, Calif.

Mr. Dole quickly recovered; his political well-being is another matter. As the campaign heads into the final six weeks, Mr. Dole faces a new set of realities about the electorate:

¶ An unusually large proportion of voters say they have already made up their minds.

¶ President Clinton has managed to maintain a comfortable lead for months.

¶ Perhaps most important, and a consequence of those factors, voters have become so indifferent to the campaign that Mr. Dole may have an even tougher struggle getting their attention.

Maybe Not so Fickle

Political scientists have long argued that voters in most Presidential elections decide before Labor Day how they will vote, leaving the candidates to battle over the small pool of undecided (and sometimes pivotal) voters who are still assessing their options well into October.

Thus, the fall onslaught of tens of millions of dollars in television commercials is meant to woo those less politically rooted voters — as well as rally the faithful. What is different this time is not only that Mr. Clinton has a yawning lead in the polls, but the pool of undecided voters is smaller than usual — making Mr. Dole's task seem daunting.

The week after Labor Day, only 8 percent of registered voters questioned said they still hadn't decided who to vote for, according to the latest New York Times/CBS News Poll. In 1992, the figure was 11 percent; it was 14 percent in 1988.

Up until now, despite early polling indications that voters might prove fickle in their support for Mr. Clinton, there has been little sign of wavering among voters: He enjoys a clearly wider lead than he had over President Bush at this stage

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If McGeorge Bundy was so bright, how could he be so wrong?
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Oil and Water
Why the U.S. may need Iran again.
By Elaine Sciolino **3**



Uninvited Guests
North Korea's mission failed, but at what?
By Nicholas D. Kristof **3**



The Nation Of Boom And Boast

By RICHARD W. STEVENSON

GEORGE BUSH'S re-election chances took a dive on July 30, 1992. That was the day the Government announced the economy had grown an anemic 1.4 percent in the second quarter of that election year, a statistic that played straight into Bill Clinton's argument that the nation was underperforming. Never mind that the quarter turned out to be an aberration, and that growth for the rest of the year was respectable if not downright robust. The second-quarter figure was the one President Bush had to defend until the campaign's waning days, and Mr. Clinton exploited it to blame the Republicans not just for one bad patch but for all the economy's woes in recent years. If Mr. Clinton was adept at placing blame four years ago, he is equally skilled at taking credit for good economic news this year.

Growth is healthy (a rip-roaring 4.8 percent in the second quarter), inflation and unemployment are way down and the budget deficit has been slashed. Bob Dole's tax-cut proposals and attacks on the "Clinton Crunch" ring hollow with voters, who appear to buy Mr. Clinton's assertion that his is the steady hand on the economic tiller.

Undue Credit, Unfair Blame

Baloney, say economists, not just to President Clinton, but to all political leaders who would have voters believe that they control the nation's economic destiny. Presidents, they said, have almost no influence over the economy in the short run, and a lot less over longer-run trends than they let on.

"Presidents and their opponents, all of them, take as much credit as they can when the economy goes well, and take too much blame when it doesn't," said Charles L. Schultze, an economist at the Brookings Institution, who was chairman of President Carter's Council of Economic Advisers. "Anybody who promises big results in a hurry, just don't believe them."

The American economy is driven by forces so vast and disparate that they are difficult to track, much less control. Technological progress and globalization continually change the dynamics; the sharp rise in the nation's trade deficit last week was in part the result of economically sluggish European countries buying less than expected from the United States.

True, a President is not without influence, especially when it comes to long-term policies on taxes, spending and issues like education that ultimately have an effect on competitiveness. Mr. Clinton clearly deserves some credit in particular for pushing through a tax and spending package in 1993 that helped reduce the deficit.

Republicans, of course, argue that Mr. Clinton had to be dragged kicking and screaming into the deficit-reduction camp. And economists said Mr. Clinton's policies accounted for only a portion of the drop in the deficit; the main factors, they said, have been the absence of a recession and the relatively healthy growth rates of the last few years, things largely impervious in the short run to a President's policy choices.

Indeed, faced with the immense power of the business cycle and its unpredictable ups and downs, Presidents can do little more than hold on for the ride and root for a strong performance from the one person who does have some power to smooth out the bumps: the chairman of the Federal Reserve.

Greenspan's the Man

It has been Bill Clinton's good fortune to be President at a time when the current Fed chairman, Alan Greenspan, has been skillfully navigating the nation between inflation and recession. And his power to have a far more direct and immediate effect on the economy than any President will be on full display this week. Mr. Greenspan and his Fed colleagues will be deciding whether the economy is showing enough signs of incipient inflation to justify raising interest rates for the first time since February 1995.

A highly unusual news leak last week from the Fed confirmed that hard-line inflation fighters among the Fed's district banks are agitating for a rate increase at its monetary policy meeting on Tuesday. How much resistance, if any, they will encounter from Mr. Greenspan or other Fed governors is unclear. Mr. Greenspan has proven willing throughout the year to tolerate strong growth, but now most economists are betting that Mr. Greenspan is about to draw his experiment to a close, and to raise rates, at least by a token quarter of a percentage point, rather than risk giving inflation a toe-hold in the economy.

Mr. Clinton will have a very indirect effect on whatever debate takes place within the Fed, since he nominated three of the seven Fed governors and renominated Mr. Greenspan, a Republican first appointed by President Reagan in 1987, who now enjoys wide respect not just from Democrats but from a far more important constituency in his line of work, the financial markets.

The White House avoids overtly lobbying the Fed, but has made clear that it sees no signs of inflation to justify a rate hike now. Even if the Fed does raise rates, the action would take months to be felt throughout the economy, and would be unlikely to slow growth discernibly by election day. But to the electorate it could certainly be a stark message about who is really in charge of the economy — or at least who is not.



In 1967 (from left): Robert McNamara, Secretary of Defense; Walt Rostow, a Presidential aide; President Lyndon B. Johnson; Clark M. Clifford, Chairman of the Foreign Intelligence Advisory Board; McGeorge Bundy; Dean Rusk, Secretary of State; Nicholas deB. Katzenbach, Under Secretary of State.

The Brightest of the Best

A Memory of McGeorge Bundy

By JAMES C. THOMSON JR.

IF they were so very smart, how could they have got it so wrong? This question was posed by David Halberstam in "The Best and the Brightest," his scathing indictment of the Washington policy makers who crafted and escalated the Vietnam War.

Probably the brightest of the lot, McGeorge Bundy, died suddenly of a heart attack last week at the age of 77. Most of the obituaries stressed his role as a Vietnam War hawk when he was national security adviser to Presidents Kennedy and (especially) Johnson. In my view, the obit writers got it wrong. The man, and the circumstances, were a lot more complex.

I was a callow 33-year-old when he summoned me from the State Department to join his National Security Council staff in July 1964. But I watched him up close in those critical two years of decisions about Vietnam, before we both left Washington in 1966. Mac Bundy was one of the few Kennedy loyalists to stay on under Lyndon Johnson and adjust to the formidable and volatile new boss. Mac's job was to evaluate, compress and clarify the avalanche of foreign affairs information in the White House. He was a skilled adjudicator, not an advocate — especially on Vietnam. He tolerated and even encouraged dissent from conventional wisdom, as long as it was expressed with brevity and evidence. He seemed to have no firm convictions on the inherited Vietnam mess. His loyalty was to the President and to our nation's security.

When I reported that the 1964 turmoil in Saigon might result in a Buddhist-neutralist coup and a polite invitation to the United States to withdraw, Mac would nod

and smile almost hopefully. When I would express doubts about the whole Vietnam intervention, he would ask me to put them very privately on paper. In December, after the L.B.J. landslide, he called me into his office to read the chosen interagency option for dealing with Vietnam now that the election was over. Out of three grossly oversimplified options — the first being, roughly, turn tail and run, the second, blow up the world — the third, a gradual and sustained bombing of North Vietnam until Hanoi cried uncle, seemed moderate. I told Mac that although I was an ignoramus on weaponry, I had learned quite a bit about the history of Vietnam's struggles against foreign powers. I thought we might bomb them back to the Stone Age, but that Ho Chi Minh's deeply rooted Vietnamese revolutionaries knew that if they retreated we would eventually go home. Mac nodded and sighed. "Well," he said, "you may very well be right."

What happened two months later was the critical turning point: Lyndon Johnson wanted to make sure that South Vietnam would not be lost to communism. But he was uneasy about escalating the war. So he delayed, and finally sent to Vietnam his one detached and trusted adviser, Mac, to make a recommendation.

Mac arrived in Saigon just before the Vietcong blew up the American barracks at Pleiku. Much has been written about how the visual horror of dead and wounded young Americans affected his judgment. And, indeed, it was only then that Mac wrote his famous message urging Johnson to escalate the bombing of North Vietnam. Mac, the dispassionate man, became, for a while, ardent.

But Mac, the skeptic, was still alive, if hobbled by the suspicious, tyrannical L.B.J. After the February escalation in 1965, Mac told one of my senior N.S.C. colleagues to explore the possibility of negotiating with Hanoi, but demanded that the suggestions be written out longhand, for Mac alone, lest L.B.J. or the Senate hawks find out.

On June 30, 1965, Mac sent a one-page memo to the arch-escalator, Defense Secretary Robert S. McNamara,

suggesting, with amazing prescience, that the Pentagon's plan was "rash to the point of folly." There is no indication that Mac shared that memo with L.B.J. In any case, the U.S. ground forces were augmented. Perhaps Mac should have quit on principle. But in December 1965, he announced that he would leave the following March to become the president of the Ford Foundation. In February, he and I overlapped briefly in Saigon, and we had one quiet talk. On my return to Washington, I learned that Mac had told the N.S.C. staff he was optimistic about the war, but, much to my astonishment, that they should wait to hear my very different views.

IN 1968, after I wrote a critique of Vietnam policy in The Atlantic, Mac chastised me for betraying L.B.J.'s trust. We didn't make up for eight years. By then I was running Harvard's Nieman Fellowships for journalists, and Mac came to talk to the fellows. He was crisply articulate, but there was one persistent young man, who resembled Trotsky, needing Mac with questions about the war. Mac finally cut him off saying, "Your problem, young man, is not your intellect but your ideology."

Later, as we were clinking highballs, the Trotsky look-alike cornered Mac: "What about Vietnam?" Bundy: "I don't understand your question." Trotsky: "Mac, what about you and Vietnam?" Bundy: "I still don't understand." Trotsky: "But Mac, you screwed it up, didn't you?" Glacial silence. Then Bundy suddenly smiled and replied: "Yes, I did. But I'm not going to waste the rest of my life feeling guilty about it."

When he died, McGeorge Bundy was working on a book about the war whose main message was that Vietnam was a terrible mistake. It's a loss that he did not live to write in full what he had learned from the Vietnam calamity.

Dole's Task Now Is to Sway the Decided

Continued From Page 1

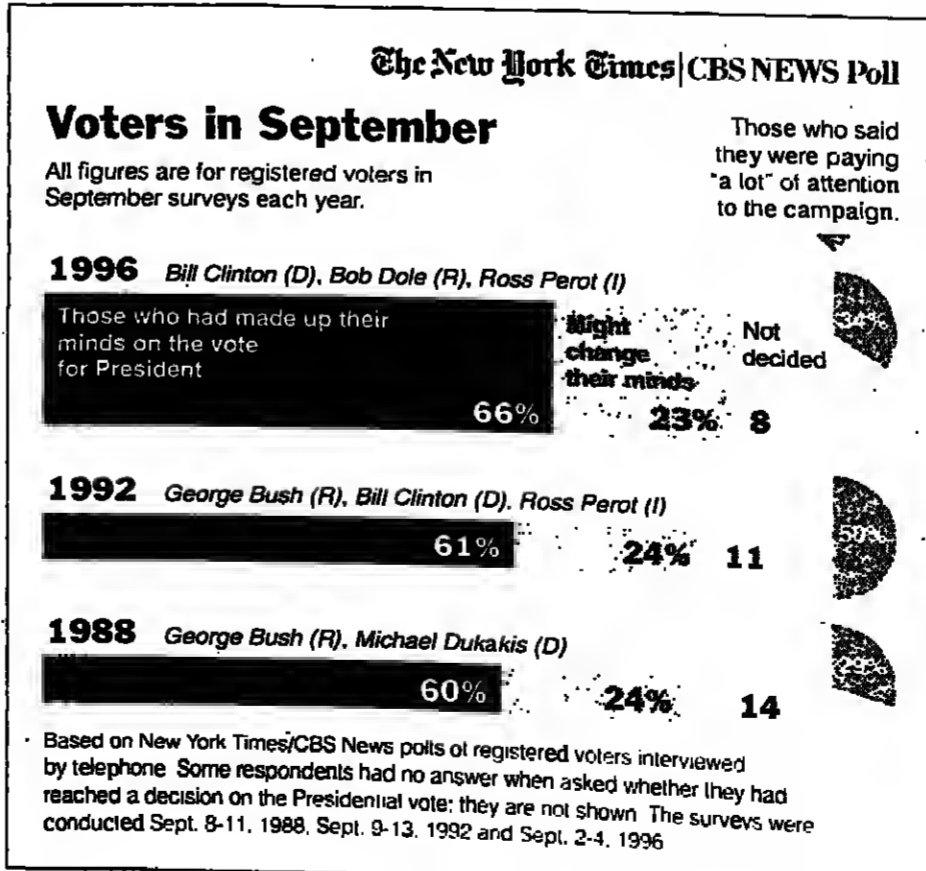
four years ago. And voter interest in the Presidential race is far lower than four years ago. The Times/CBS News poll found that only 34 percent of registered voters said they were paying a lot of attention to the contest, compared with 50 percent four years earlier. That suggests that people will be tougher to sway — if they vote at all.

So many hardened attitudes can probably be explained by the fact that both major candidates — and Ross Perot, for that matter — have long been known to the American public. In addition, because the Republican primary was settled very early this time — Mr. Dole emerged as the nominee by March — the general election essentially was under way five months before the nominees were formally crowned at their conventions. So much for the notion among leading Republicans that by wrapping up the nomination early, Mr. Dole would have all the more opportunity to make his case against Mr. Clinton.

Gary King, a professor of government at Harvard University, said by now the campaign is old hat to voters. "I don't think anybody seriously believes that if somebody makes one little goof in a debate that's going to change 400,000 votes," he said. "People aren't that stupid."

William H. Flanagan, a political scientist at the University of Minnesota, agreed, explaining that the temporary "bumps" in the polls that Mr. Dole and Mr. Clinton got after their party's conventions were distractions that served to "just confuse the voters" to little real effect.

That so many seem to have their minds made up raises the prospect that Mr. Clinton's lead will become, as one Dole aide put it, "a self-fulfilling prophecy." Though this solidifying of opinion confronts the Clinton camp with the risk of complacency, it poses a seemingly insurmountable challenge to Mr. Dole. Recognizing the need to alter public perceptions



quickly, the Dole campaign sought in vain to begin the nationally televised debates this month (the first is likely to be held in early October instead), and pumped an unusually large sum into TV ads right after Labor Day.

All year, Clinton campaign officials argued that they considered the pre-Labor Day stretch the most crucial. And now White House officials are confident to the point of nervousness; they're worried that turnout could be depressed to Mr. Dole's benefit. "Our worry is that people are going to believe that the election is a foregone conclusion," said George Stephanopoulos, a senior adviser to Mr. Clinton. Of course, there may be ample opportunity for Mr. Dole to recover. "You're dealing with human behavior, and rules of human behavior are made to be broken," said Andrew Kohut, a pollster who is director of the Pew Research Center. "There

have been big leads that have been virtually erased." Indeed, Hubert H. Humphrey in 1968 and Gerald R. Ford in 1976 nearly recovered from double-digit deficits — and may well have won had their campaigns gone on for another week or so. But unlike Mr. Dole, Mr. Ford had the advantage of being the incumbent President, while Mr. Humphrey was the sitting Vice President. The debates may offer Mr. Dole his best opportunity to shake things up, and he got a boost last week when the commission that stages the events decided to keep Mr. Perot out. In the final debate four years ago, 97 million voters tuned in. But surveys suggest that despite all the interest, debates don't sway huge numbers of voters. In a 1992 survey by Mr. Kohut's organization, 20 percent of voters said they made up their minds before the primaries; 18 percent during the time of the conventions; 13 percent around the time of the debates, and 24 percent within two weeks before the election.

As he put on his game face, Mr. Reed, the Dole campaign manager, said: how eager he is for some event or disclosure to turn voters Mr. Dole's way. "We deserve a break and we're going to have one," he said. Asked what that might be, he said, "Something, World affairs." Still, there is little evidence of a single event turning any campaign around. As Angus Campbell, Gerald Gurin and Warren E. Miller of the University of Michigan wrote in "The Voter Decides," a 1954 classic on voting behavior: "No single campaign experience exists in a vacuum. Every new event is perceived against a background of attitudes and predispositions of which the individual himself may be only dimly aware."

The best barometer of the challenge facing Mr. Dole may not be history but a joke that made the rounds at his campaign headquarters last week: "Did you hear the good news? We closed the gender gap. We're now down 20 points with everyone."

سنة من الاصل

The World

Casting a New Iran in the Old Role of a Friend

By ELAINE SCIOLINO

UNEXPECTEDLY, the crisis with Iraq has revived a debate on a taboo subject: whether, after all these years, America needs better relations with Iran in order to pursue its interests in the Persian Gulf.

The mere existence of the debate doesn't mean that the Clinton Administration can suddenly have a relationship with the country it has branded an "international outlaw" — or that it should even try.

Iran, after all, has been the Bermuda Triangle of American foreign policy ever since the ayatollahs overthrew the monarchy 17 years ago, and its officials have not signaled any serious desire to deal with Washington. Iran still supports groups and activities the United States calls terrorist; it shops for advanced nuclear technology in Europe, flouts human rights standards, retains a death decree for the novelist Salman Rushdie and opposes peace between Israel and the Palestinians.

At Least It's Stable

On the other hand, Iran has not developed into the expansionist regional threat that successive Administrations predicted it would become. American intelligence pronouncements on Iran's vast military expenditures and the development of a nuclear weapons program have turned out to be exaggerated or at least premature. And American officials have been unable to produce enough hard evidence to convince America's friends that Iran is, as Washington claims, the world's greatest state sponsor of terrorism.

Besides, Iran, unlike some of its neighbors, seems to have a predictable political future: a clerical regime with an elected President and parliament (however flawed its democracy by Western standards) that faces no serious internal threat.

So with America's position in the region now in question, a number of policy experts, academics and commentators have begun asking whether the United States might hope for a better way to deal with Iran. They are arguing for good old-fashioned balance-of-power diplomacy.

Iran, with its vast population, its huge oil reserves and its critical location between the Caucasus and the Arab world, has traditionally been the dominant power in the Persian Gulf, and the recent crisis has exposed the weakness of America's links to its two closest friends in the region now, Turkey and Saudi Arabia. Politically vulnerable, both are unwilling to blindly follow Washington's lead.

Vacuums

This, in turn, focuses attention on the power vacuum that has existed in the region since Iraq's defeat in the 1991 Gulf war, and on the absence of a long-term strategy by the United States to insure its access to Gulf oil.

The current policy of "dual containment" (treating Iran and Iraq as if they are equal threats) bans American-Iranian trade, pun-



They can't all be extremists in Iran. Here a family enjoys a picnic in Teheran.

Kamran Jebreili for The New York Times

ishes foreign companies that invest heavily in Iran's oil industry and has no support from any of America's allies except Israel. The policy also seeks to thwart Iran's efforts, with its neighbors, to develop the vast oil and gas resources in the Caspian Sea, by barring American companies from a role in any consortium that includes Iran. The question being raised now is: Is this the wisest course for the United States?

Until recently, even the most subtle suggestion that the United States should consider a conciliatory course was dismissed as appeasement by American officials and most experts on the Middle East. But now proponents of a fresh approach to Iran feel the moment has come to forcefully argue their case. One of the most articulate is Zbigniew Brzezinski, who, as national security adviser during the Carter Administration, advocated a military coup to prevent the ayatollahs from coming to power. He is now saying that America should reconsider whether Iran should once again be a counterweight to Iraq.

"I do not see any reason why we should be pursuing a policy of isolating Iran, because Iran, if we pursue hostility towards it, makes it more difficult to isolate Iraq," he said on

CNN last week. "And we need a good strategic relationship with Iran in the longer run if we are to have not only stability in the Persian Gulf but access to central Asia, the countries further north, where there are enormous deposits of energy which will be important in the next two decades."

Others insist that while Iran needs to be contained militarily, the use of economic sanctions — a policy opposed by America's allies in Europe and Asia — isolates the United States more than it does Iran.

A Yearning for Moderates

"What we are doing with our current sanctions policy is simply strengthening the radical elements that are making the United States into the devil, into the enemy, into the threat," Anthony Cordesman, a military expert on the Middle East at the Center for Strategic and International Studies, said at a Senate hearing several days ago.

Mr. Cordesman even raised again the possibility that there might be Iranian moderates with whom the United States could deal. This was an argument that the Reagan Administration used — and came to regret — when it sent arms to Iran in exchange for the

release of Americans held hostage in Lebanon. The United States, Mr. Cordesman said, should try "to create a structure where the forces which I do think exist in Iran, the more moderate middle class" with "a real interest in economic change, could have an impact on a government which can remain hostile."

And The New Republic, a journal traditionally sympathetic to Israel, argued in its most recent issue that the time had come "to restore a balance of power in the Gulf, which means restoring relations with Teheran."

One difficulty in maintaining the current policy is that it is encompassed in a slogan. Slogans sell policies, but they can be misleading, and are hard to edge away from slowly when they don't work.

More than three years after Martin Indyk coined the phrase "dual containment" (inspired by a characterization of his policies, "parallel containment," that he had read in a newspaper article), the Clinton Administration is still dug in and is determined to stay there. Even musing about steering another course just weeks away from the election would be fraught with political risk.

"There's no change in the policy towards Iran as long as they continue to use terror-

ism as a state sponsored method," said Secretary of State Warren Christopher, who, as Deputy Secretary of State during the Carter Administration, had the agony of negotiating with Iran to free the American hostages in Teheran. "There's no basis for a dialogue with them." But some senior Administration officials have begun to distance themselves from the policy — or at least the slogan, saying they never felt comfortable with "dual containment."

Hello, Mr. Rafsanjani?

That doesn't mean there will be a policy review, however. And even if there were, it might change nothing. In early 1992, the Bush Administration conducted such a review — and concluded that any gesture that might be politically meaningful in Teheran would be politically impossible at home. So it stuck with a vague but more flexible policy of promising that good will from Iran would be reciprocated.

In the end, that approach was what allowed President Bush in 1990 to take a call from Iran's President, Hashemi Rafsanjani — only to discover well into the conversation that he was talking to an imposter.

Uninvited Visitors

North Korea's Mission Failed, but at What?

By NICHOLAS D. KRISTOF

WITH North Korea seeking investments and food assistance from South Korea and Western countries, it may seem a bit odd for the North to press its case by sneaking a 325-ton submarine into South Korean waters with a boatload of armed commandos.

The quirky mission ended in spectacular failure last week — with 18 of the North Koreans dead so far, one captured, and thousands of South Korean troops furiously tracking a few others. Naturally, South Korea is now less likely than ever to send food or money north.

Yet analysts offer several reasons why North Korea sent a submarine instead of a goodwill mission. For starters, some say, despite suffering a famine at home, North Korea still dreams of using its army to conquer the South some day, and infiltration missions are an essential part of that task.

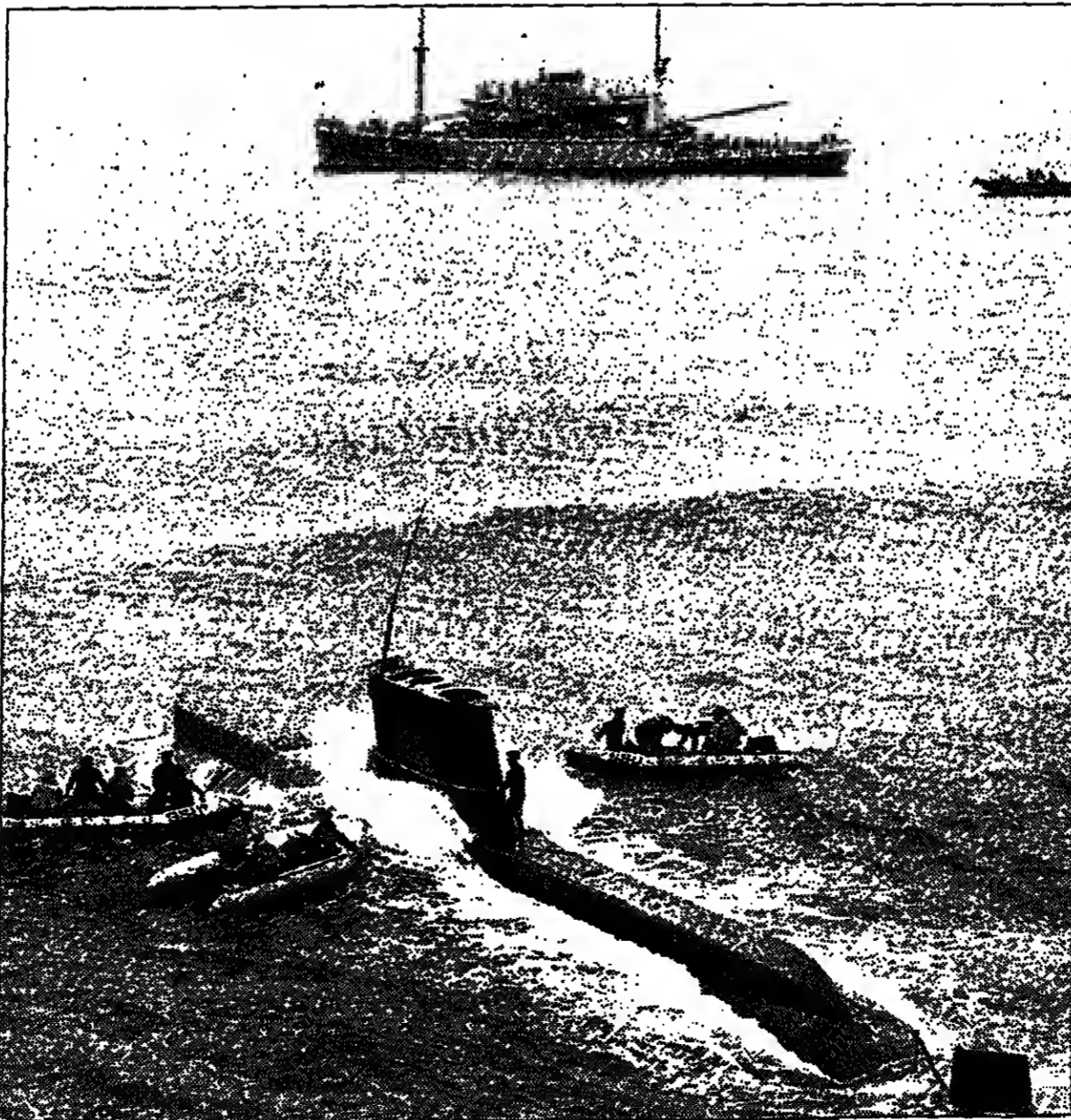
"This is not the Love Boat, and there's no way to put a positive spin on this," said one United States Government expert on North Korea. "It's either fairly major-league sabotage, or it's preparation for invasion. I can't see any benign explanation."

Despite signs of malnutrition emerging in the North, the Government there has continued to invest enormous resources in its 1.2 million-member armed forces. Last year, the Government analyst said, North Korea quadrupled its capacity to make Shark-class midget submarines, the type used last week.

The submarine, which ran aground near the east coast city of Kangnung, is about 100 feet long and can carry about two dozen passengers in addition to a crew of seven. It carries four torpedoes and can be used to attack ships and lay mines, but its main role in North Korean military doctrine is said to be to infiltrate special forces behind enemy lines. Training for infiltrations goes on constantly in North Korea.

"Why?" asked an American expert on North Korea's armed forces. "It's a question that everybody asks when these things happen, and the answer is simple. This is what they do. It's what they've always done, and it's what they'll continue to do as long as the regime remains in place."

Still, some other analysts offer other explanations. The most charitable is that the North Korean leadership wanted to create more of a crisis atmosphere. This might put pressure on America to resolve the crisis by entering into negotiations that would lead to a peace agreement and normalized relations. North Korea sometimes seems to feel, not altogether without reason,



South Korean forces checking the North Korean submarine that landed on South Korea's coast on Thursday.

Associated Press

that it gets attention in Washington only when its misbehavior causes a crisis to erupt.

A variant of this theory is that North Korea may have wanted a crisis for domestic political reasons, to divert people's minds from their hungry stomachs.

Still another explanation, equally devoid of any supporting evidence, is that hard-liners in the North Korean armed forces may be trying to sabotage an attempt by moderates to open the country up and improve ties with the South.

"We've basically been willing to improve relations with North Korea," said Moon Moo Hong, the assistant minister of unification in the South. "We're trying to look at what's happening in a broad perspective. But this incident will hardly affect relations in a positive way."

The biggest losers of this episode will not be the North Korean leaders or the South Korean capitalists, but the ordinary North Koreans who are beginning to show signs of malnutrition. Almost every visitor to North Korea agrees that these people are in desperate need of emergency food assistance, but foreign Governments are less likely to send help to a country that sends commandos into its neighbors.

The Clinton Administration has been pushing a policy of greater engagement with North Korea, designed to entice the North out of its isolation and reduce the risk of a war of desperation. But Bob Dole has already criticized President Clinton as soft on North Korea, and it is not easy to muster public enthusiasm in America for a policy of engagement with a Stalinist nation that infiltrates its neighbor's territory and — according to persistent reports, the most recent ones just a few days ago — conceivably may still be holding American prisoners from the Korean War.

Some Administration officials argue that one reason for engaging North Korea is simply to learn more about it. Despite North Korea's capacity to launch a devastating war, scholars and spies know about as much about life there as about life on Mars.

The purpose of the latest submarine infiltration also remains a mystery, despite extensive interrogation of the captured North Korean commando. The best guess among analysts is that the submarine may have planned to drop off commandos or spies for some operation, but that the mission was aborted when the submarine ran aground and had to be abandoned.

The easiest way for North Korea to infiltrate a spy into South Korea is to give him a false Japanese passport, a dark suit and a business class air ticket from Tokyo. So intelligence analysts suggest that an aim of these exercises is to test South Korean defenses and find out whether large-scale infiltrations of armed commandos would be possible before an invasion. To South Koreans, that is not a reassuring thought.

F I L M

Paying Tribute To the Music That Never Died

By ANN POWERS

IT IS 1958 at the start of the new film "Grace of My Heart," and the world is on the cusp of the rock-and-roll revolution. The would-be chanteuse Edna Buxton (played by Ileana Douglas) paces backstage at a Philadelphia talent show. Nearby, another contestant, Doris Shelley, warms up with a soulful blues. Doris asks Edna what she'll be performing that evening. "You'll Never Walk Alone," answers the embarrassed Edna; her mother chose the chestnut, from "Carousel." Doris tells Edna she should sing what really moves her. Cut to Edna at the microphone, following Doris's advice.

Edna begins as a proper rich girl in designer clothes, as carefully turned out as the Broadway ballads she sings. After moving to New York, she changes her name to Denise Waverly at the suggestion of Joel Millner, a streetwise impresario played by John Turturro; she becomes a rhythm-and-blues fan who drinks whisky in Harlem nightclubs and gets lessons in social consciousness from her beatnik first husband, Howard Caszatt (Eric Stoltz).



Ileana Douglas, the star of Allison Anders's new film "Grace of My Heart"—A coming-of-age story for pop itself.

The film might have simply been an exercise in nostalgia, but its music actually places it within an up-to-the-minute milieu. Ms. Anders's previous films, "Gas Food Lodging" and "Mi Vida Loca" ("My Crazy Life"), employed the sounds of underground rock and hip-hop to tell fresh stories of young women in the 90's. Although "Grace of My Heart" focuses on the past, its attitude toward music is equally contemporary.

As raw as they are sweet, Ms. Anders's 23-year-old daughter, Tiffany, and her co-author, Boyd Rice, offer a surreal spin on the Shangri-Las with "Absence Makes the Heart Grow Fonder."

"Heart" is most vital when proving this point. On one level, the film shows how events in songwriters' lives have always inspired them, even when they worked within tight formulas. On another, the film can be viewed as a kind of extended pop suite, in which songs and narrative intertwine to demonstrate music's power as a language through which people make sense of their lives.

Home on the Small Screen

By PETER M. NICHOLS

HOLLYWOOD won't notice, but for a large chunk of the movie-watching public an event of no small significance is about to take place. On Oct. 1, "Fargo" will be released on videocassette.

Some films are an even better show when you watch them on TV.

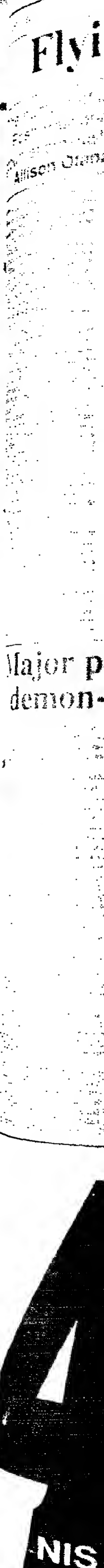
store in Manhattan. In fact, some video people maintain that in their creative heart of hearts the Coens actually make films like "Fargo," "Miller's Crossing" and "Barton Fink" with an eye to video.

guys in the world," Mr. Salen said. "They have odd, darker personalities that don't appeal to mainstream audiences."

M-M-M

BY CATHY MILLHAUSER / EDITED BY WILL SHORTZ

A crossword puzzle grid with clues for Across and Down words. The grid is 18x18. Clues include: 1 Mountain lion, 5 Kind of jet, 8 Slangy thrill, 13 Dishearten, 19 Buckinghamshire town, 20 "Casablanca" actress Graining, 21 Friend to Colette, 22 Eeyore, in jargon, 23 Where to find pay dirt, 26 Guardian spirits of ancient Rome, 27 Lonely place, 28 Ford of old, 29 Customized, 30 Nadon of citrus addicts, 34 Died up, 35 Measure marker, 38 U.S.N. division, 39 Turkish inn, 41 Uttered a taradiddle, 43 Chasse, 48 M-G-M motto start, 49 The "id" in "idest", 52 Loathing, 54 Arithmetic teacher's announcement?, 58 Boozing musicians?, 60 Powering force, 61 La Scala locale, 62 Levine and Levenson, 65 More flashy, 66 W.W. II Brit. group, 70 Saint a k a Apostle to the Slavs, 72 Birth-related, 74 Bollix (up), 75 Mistreat, 77 Rip off, 79 Back to entomologists, 81 Sheep fabrics, 82 Bunch of steamed-up hobos?, 88 Bottom of Miss Riding Hood's cloak?, 92 Fifth century invader, 93 By and by, 94 Balderdash, 95 Hebrew letter before koph, 96 Grammy-winning Braxton, 97 Hat with a creased crown, 99 Ella or elle, 102 Arrested Development offering, 103 Union betrayer, 106 Words to a charades-playing woman?, 113 Firms, as abs, 115 Ancient Greek colony, 116 Offensive, in a way, 120 Historical records, 121 Warped?, 124 Dorm mate, 125 Not crumbly, 126 "The NeverEnding Story" writer, 127 Grand, 128 Guarded get-together, 129 The middle son, on 60's TV, 130 Ostiary's post, 131 TV actress Dietrich, 135 Out-of-focus picture, 136 Opera set in Memphis, 137 Control, 140 People: Prefix, 142 Bomb, 144 "Paganini" composer Franz et al., 145 Pacific, 146 Meistersinger's article, 147 French coins of yore, 150 Digression, 151 Medley material, 153 Pop idol?, 155 Mideast's Gulf of, 156 Roman earth goddess, 157 Bodies of eau, 159 Most like Nelly, 163 La —, Spain, 164 Kept in the attic, 166 Two-time skating gold medalist, 167 Hello or goodbye, 168 Exotic, 169 All smiles?, 171 Lion of Hollywood, 173 Particle-based philosophy, 176 Rouen's river, 178 Champagne name, 180 Ed.'s trayful, 183 Receivers make them, for short, 184 Be up, 185 Pompeia, to Caesar, 108 Actors Calhoun and O'Brien, 109 Granddaughter of Queen Victoria, 110 Judged, with "up", 111 Refuse, 112 Caught congers, 114 Incision, 117 Relaxed gait, 118 Chop cut, 119 1978 Village People hit, 121 Innsbruck interjection, 122 Francisco or Paulo lead-in, 123 Bustle



Key Representative Rates
US dollar ... NIS 3.1730 -0.03%
Sterling ... NIS 4.9442 +0.31%
Mark ... NIS 2.0967 +0.11%

NET STOCK MARKETS
New York market indexes
Last Change
DJ Industrial 3074.00 -0.71
DJ Transport 2071.00 -0.14

Other stock market indexes
Last Change
FTSE 100 3910.5 -0.2
Tokyo Nikkei average 21777.8 -0.7

Israeli stocks in NY
Last Change
AMEX / AMEX
NXP 37.25 -0.75
Aptel 4.85 -0.05

LIBOR / over-the-counter
Last Change
3 months 7.00 -0.01
6 months 7.00 -0.01
12 months 7.00 -0.01

INFLATION MARKETS
Last Change
Oil 18.25 -0.15
Gold 380.00 -0.10

Dollar crossrates (US)
Last Change
Pound 1.5688 -0.0007
Deutsche 1.5014 -0.011

Labor rates
Last Change
Dollor 3 months 7.00 -0.01
6 months 7.00 -0.01

Foreign financial data courtesy of CommStock Trading Ltd.
Futures, Options, Stocks, Bonds and Mutual Funds

INFLATION AND METALS
US commodities
Last Change
Coffee (Nov) 1.50 0.05
Cocoa (Nov) 1.00 0.05

Spot market metals (US)
Last Change
Silver 383.00 -1.4
Gold 380.00 -0.1

New York metal futures
Last Change
Copper (Nov) 1.50 0.05
Aluminum (Nov) 1.00 0.05

London metal fixes
Last Change
Copper 1.50 0.05
Aluminum 1.00 0.05

TEL AVIV STOCKS

Multi-sided trading
Commercial Banks
Name Price %Chg
Bank Leumi 175.50 +0.2
Bank Hapoalim 168.00 +0.1

ISRAEL DISCOUNT BANK

INTERNATIONAL STOCK PRICES

NEW YORK
Name Price %Chg
Alcoa 39.25 -0.26
AFL 20.75 -0.12
Amgen 52.00 -0.19

Teva, Koor pull indexes higher

STOCK indexes rose yesterday as investors matched New York price increases in the shares of Teva Pharmaceutical Industries Ltd. and Koor Industries Ltd.
The rises in Teva, which accounts for 9.5 percent of the value of the Maof Index, and Koor offset investor disappointment at the central bank's decision to cut interest rates only 0.3 percentage points, said Eli Nahum, portfolio manager at Zannex Securities in Tel Aviv.

European bourses close mixed

LONDON (Reuters) - German and French stocks recovered their composure to close higher yesterday, but London last ground on interest rate concerns after a bullish start.
All share and currency markets were to some degree holding their breath ahead of a decision, due after the end of European trading, from a key US monetary policy-making meeting.

British stocks reversed their opening gains to close 9.2 points lower with shares in banks, a driving force behind London's recent rally, pushing the FTSE index down.
HSBC, Barclays and NatWest led the retreat as fears of a US rate hike prompted profit-taking.

Dealers and analysts were deeply divided over whether the Federal Open Market Committee (FOMC) committee would sanction its first credit tightening for 1 1/2 years.
British stocks reversed their opening gains to close 9.2 points lower with shares in banks, a driving force behind London's recent rally, pushing the FTSE index down.

On Wall Street, the Dow Jones average dropped 20.71 points to close at 5,874.03, surrendering a sudden 50-point gain that followed the central bank's announcement shortly after 2 o.m.
Moat broad-market indexes also finished lower, gyrating higher and lower several times before the close.

Paris
Accor 10.00 -0.10
Alcatel 100.00 -0.50
Alstom 100.00 -0.50

Dow falls 20 points

NEW YORK (AP) - Stocks jumped higher but quickly retreated yesterday after the Federal Reserve decided it didn't need to raise interest rates to slow the economy and keep inflation in check.
On Wall Street, the Dow Jones average dropped 20.71 points to close at 5,874.03, surrendering a sudden 50-point gain that followed the central bank's announcement shortly after 2 o.m.

Frankfurt
Accor 10.00 -0.10
Alcatel 100.00 -0.50
Alstom 100.00 -0.50

CURRENCY CROSS-RATES
MARK STERLING YEN SFr FFf
STERLING 2.261828 170.6774 1.810471 7.953921

MARK STERLING YEN SFr FFf
STERLING 2.261828 170.6774 1.810471 7.953921
YEN 1.376480 0.586682 1.123348 4.693574

Indyk: PM promised to resolve outstanding Oslo issues

"PRIME Minister Binyamin Netanyahu told US President Bill Clinton, during his visit to the US, that he will clear the table of the topics related to Oslo 2," US Ambassador Martin Indyk said yesterday. "We hope to see a significant advance this week, in the steering committee discussions, on the topic of the closure and redeployment from Hebron."

Jerusalem Post Staff and Tim

press conference during the Israeli and Jordanian working committee's first meeting on developing the Jordan Valley and the Arava. Indyk chaired the meeting between Oded Eran, deputy director of the Foreign Ministry's economic department, and Dorit Mahsana, head of the Jordanian Delegation. The Israeli and Jordanian delegations will select proposals to present to potential investors at the Cairo economic conference in November. They will chose from some 20 water and tourism projects, which over the past few months the American firm Harza analyzed for feasibility and the Italian government evaluated for financial soundness. The two most promising projects involve increasing tourism in the Dead Sea area and building an Eilat-Akaba airport. Mahsana said he hopes the talks will have concrete results. "The meeting had a positive and productive atmosphere," a Foreign Ministry statement released yesterday said. A meeting between the Israeli and Jordanian Trade and Industry Ministries at Ma'ale Habamahisha was also held yesterday.

Defense Ministry ceremony tonight in honor of reserve officers Mordechai to host brigade, battalion commanders

FOR the first time, the defense establishment has summoned all reserve brigade and battalion commanders to the Defense Ministry in a show of appreciation for their service to the country and as a signal that those motivated to serve deserve recognition. The officers, along with their spouses, will be gathered tonight at the rose garden behind the Defense Ministry in Tel Aviv. Hosted by Defense Minister Yitzhak Mordechai, the reserve colonels and lieutenant colonels will meet with Chief of General Staff Lt. Col. Amnon Lipkin-Shahak and other top brass. Reserve brigade commanders serve up to 90 days a year and battalion commanders average over

ARIEH O'SULLIVAN

60 days in uniform. The sacrifice is particularly weighty in contrast to the three weeks the average IDF reservist serves annually. Tonight's ceremony comes two weeks after the IDF, for the first time ever, awarded excellent reservists awards to 60 men, and comes on the heels of the grassroots organization of reserve brigade and battalion commanders to fight the decline in motivation to serve in the army. "To be cynical, it's a gimmick," said Arie Neiger, a reserve paratrooper battalion commander who helped organize the reserve officers group. "But every gimmick has a symbolic side. None of us

[officers] needs this recognition. But it sends a message." In a statement to the press, Mordechai praised the reserve brigade and battalion commanders and said the decision to recognize them was to strengthen and nurture those who carry the burden of defending the country. The organization of reserve officers has set as its goals to combat the burgeoning discrimination, particularly in the workplace, against those called up for reserve duty. It is also lobbying for awarding compensation to combat reservists. The group also has started publicizing the names of employees who threaten their workers with termination if they don't evade reserve duty, Neiger said.



Prime Minister Binyamin Netanyahu places a wreath at a memorial ceremony for the fallen of the Yom Kippur War held at Mt. Herzl yesterday. (Flash 90)

Yom Kippur War fallen remembered

THOUSANDS of relatives of the fallen of the Yom Kippur War attended a memorial service at Mt. Herzl yesterday. Officials who participated in the ceremony included Prime Minister Binyamin Netanyahu, Defense Minister Yitzhak Mordechai, Chief of General Staff Lt. Gen. Amnon Lipkin-Shahak, and the chief rabbis. "Since ancient times, Jews have atoned on Yom Kippur. Yesterday, we were reminded that our strength is dependent on the love of Israel, not in the hate of our brothers, in the unity of the people, and love of self, and not on hate and murderous violence of the kind that took the life of prime minister Yitzhak Rabin a year ago," Netanyahu said. "Let us remember the words of Menachem Begin

and Anwar Sadat: 'No more war and oo more threats.' We are moving toward peace, while making security a priority. I believe with all of my heart that it will not be long before we can tell the bereaved families that their loved ones brought the victory in the wars, and they are the ones who will also bring the peace." Twenty-three years ago, said Shahak, "regular and reserve soldiers gathered at road junctions and changed from their dress clothes into uniform. They did not choose to die. They wanted to be there, to defend their homes, families, and land. That is how it always was, and still is today." To ensure the security of Israel, there is a price, "and if we will be strong - there will also be peace," he said. (Tim)

NY rally to mark 10th anniversary of Arad's disappearance

ON October 14, the 10th anniversary of Roo Arad's disappearance, the New York Jewish community is planning a rally to call attention to the fate of missing Israeli soldiers. "He is a soldier who was fighting for the State of Israel, as well as for the Jewish people," said Brig. Gen. Eliczer Hemeli, national director of the Friends of the IDF. "We are all responsible for him."

MARILYN HENRY NEW YORK

The rally, however, represents something of a gamble for New York. Although the missing soldiers are said to be high on the agenda of many Jewish organizations, their plight has not penetrated the American Jewish consciousness. Nor have rallies figured prominently in American Jewish life for

nearly a decade, since the beyday of the Soviet Jewry movement, when 250,000 turned out in Washington in December 1987 for "Freedom Sunday." "Freedom for Soviet Jewry was about the only issue on which American Jews have been able to agree - perhaps as far back as the Six-Day War. Some observers said that, if Americans were informed, they surely would support POWs and MIAs, but these observers were skeptical about whether the Americans would turn out for Arad. The rally is to be staged across the street from the United Nations, which is now holding its General Assembly. The intent, organizers said, is to get the attention of Iran and of the international community. "We have to remind the world that he was taken prisoner," Hemeli said. "And we think the world has a responsibility" to help find him.

Levy to address UN Assembly tomorrow

FOREIGN Minister David Levy has left for New York, where he will address the UN General Assembly tomorrow. While at the UN, Levy will meet with various Arab foreign ministers, and will be the first member of the Netanyahu government to meet with the Russian and Chinese foreign ministers. Today, Levy will meet with the foreign ministers of the European Union troika. At the assembly, Levy will sign the Comprehensive (Nuclear) Test Ban Treaty - which was prepared for signing after protracted international negotiations under the auspices of the UN disarmament commit-

MARILYN HENRY NEW YORK

tee. Meanwhile, the question of who will represent Israel at the UN this year is still unclear. David Peleg, the charge d'affaires who has been the head of the mission since Gad Ya'acobi resigned on May 1, wants to keep the post. But there has no clear signal from Jerusalem that an ambassador will be named anytime soon. Peleg, a career diplomat who served previously in the embassy in Washington, made his UN debut defending Israel against a UN adviser's report

that alleged Israel had targeted the UNIFIL position at Kafr Kana in Lebanon. The April 18 shelling killed more than 100 civilians. Levy will be in New York for about a week and will meet with Secretary of State Warren Christopher and the foreign ministers of Argentina, Turkey, Russia, Oman, and Qatar. Washington has called for UN Secretary-General Boutros Boutros-Ghali to retire or face an American veto on his reelection bid. However, the Egyptian diplomat is supported by African countries, the Arab League, France, Russia, and China. Jerusalem's position is awkward, as Boutros-Ghali had a relationship with Israel long before he became secretary-general. Peleg declined to indicate how Israel would vote. Instead, he said, the fact that the US does not support Boutros-Ghali "is a very important consideration for the State of Israel." Jerusalem has not taken a position on the unpopular American proposal to add Germany and Japan as permanent members of the Security Council. "It's not relevant to us," Peleg said, because Israel cannot be elected to the council.

WEATHER

Jerusalem 23-32
Tel Aviv 24-30
Haifa 25-35
Beersheva 23-38
Alula 24-38
Samaria 23-33
Tiberias 25-40
Eilat 25-43
Dead Sea 25-35

Forecast: Hot. Drop in temperatures towards afternoon.

AROUND THE WORLD

City	Low	High	Cloud
American	68	84	cloudy
Bahia	72	84	cloudy
Buenos Aires	64	80	cloudy
Caracas	72	88	cloudy
Chicago	64	80	cloudy
Copenhagen	56	72	rain
Helsinki	48	64	rain
London	56	72	cloudy
Madrid	64	80	cloudy
Manila	72	88	cloudy
Montreal	64	80	cloudy
Moscow	48	64	cloudy
New York	64	80	cloudy
Paris	64	80	cloudy
Rome	64	80	cloudy
Sydney	64	80	cloudy
Tokyo	64	80	cloudy
Warsaw	64	80	cloudy
Zurich	64	80	cloudy

Winning cards

In yesterday's daily Chance drawing, the winning cards were the ace of spades, the king of hearts, the king of diamonds, and the king of clubs.

Israelis detained in Cyprus allege brutality

NICOSIA (Reuter) - A Cypriot court yesterday ordered a police probe into allegations that four Israeli prisoners were beaten by prison guards when one of them complained about the food he was served. Nicosia district Judge Ch. Malakos ordered the probe of Avi Biton, 21, his brother David, 24, Shuki Samana, 24, and Shimon Amor, 28, appeared at the courthouse shouting that they had been beaten. "I asked for food and they hit me," David Biton told reporters as he was pulled into the courtroom, naked from the waist up and handcuffed to a policeman. He displayed a bandaged left arm and swore at police. Cyprus prisons director George Anastassiades said he would investigate the complaint as directed by the court but said, "From verbal evidence I have received so far it appears these claims are not true." The four Israelis are facing trial for their motorcycle flight from police. The court ordered all four returned to custody pending their October 30 trial in connection with the escape charges. Two of the accused - Amor and David Biton - are charged with engineering the motorcycle escape from police custody of the other two Israelis charged with possessing and passing counterfeit \$100 bills. Lawyer Georgios Georgiou, appearing for all four, told the court the alleged beatings occurred in Nicosia central prison after David Biton refused to eat the prison meal containing meat because of Yom Kippur. "The prison warders refused his request for a different meal. And when David Biton insisted, he was beaten up savagely," Georgiou told the court. Samana and Avi Biton were arrested in Larnaca on August 30 and charged with possessing \$7,200 in fake currency and trying to pass one of the bogus bills.

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